STAND. COM. REP. NO.

2652

Honolulu, Hawaii

FEB 2 8 2014

RE: S.B. No. 2056

S.D. 2

Honorable Donna Mercado Kim President of the Senate Twenty-Seventh State Legislature Regular Session of 2014 State of Hawaii

## Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 2056, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE HOSPITAL SUSTAINABILITY PROGRAM,"

begs leave to report as follows:

The purpose and intent of this measure is to extend the sunset date of the Hospital Sustainability Program established by Act 217, Session Laws of Hawaii 2012.

The measure also:

- (1) Updates the referral dates relating to the program;
- (2) Exempts the program special fund from the assessment of central services expenses; and
- (3) Appropriates \$50,000,000 out of the program special fund.

The Department of Human Services, Chamber of Commerce of Hawaii, and Hawaii Primary Care Association submitted written comments in support of the measure.

Your Committee finds that under the Hospital Sustainability Program, fees levied on non-governmental hospitals are used to leverage federal funds and increase the reimbursement to hospitals, with a greater benefit to those providing

SB2056 SD2 SSCR LRB 14-1543.doc



proportionately more services to Medicaid recipients and the uninsured. Your Committee believes that by extending the program, this measure will help improve the sustainability of hospitals in Hawaii and ensure access to health care for Medicaid recipients.

Your Committee has amended this measure by:

- (1) Decreasing the inpatient hospital sustainability fee from 2.365 to 2.175 per cent of net inpatient hospital service revenue;
- (2) Increasing the net outpatient revenue threshold for exemption from outpatient hospital sustainability fees from \$42,500,000 to \$45,000,000;
- (3) Changing to an unspecified sum the amount of direct payments from the Hospital Sustainability Program Special Fund made to private hospitals to cover uncompensated care costs;
- (4) Changing the appropriation to an unspecified sum;
- (5) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (6) Making technical nonsubstantive amendments for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2056, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2056, S.D. 2.

Respectfully submitted on behalf of the members of the Committee on Ways and Means,

DAVID Y. <del>IGE</del>, Chair

## The Senate Twenty-Seventh Legislature State of Hawai'i

## Record of Votes Committee on Ways and Means WAM

Bill / Resolution No.:*	Committee Referral: Date:				
SB2056 SOI	HTH IHMS, WAM 2-			2-20	-14
The committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)					
KIDANI, Michelle N. (VC)					
CHUN OAKLAND, Suzanne					
DELA CRUZ, Donovan M.					V
ENGLISH, J. Kalani					
ESPERO, Will					
KAHELE, Gilbert					
KEITH-AGARAN, Gilbert S.C.	,				V
KOUCHI, Ronald D.					
RUDERMAN, Russell E.					
THIELEN, Laura H.		/		<u> </u>	
TOKUDA, Jill N.	<u></u>	/		<u> </u>	
SLOM, Sam			V		ļ
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Recommendation:  Adopted  Not Adopted					
Chair's or Designee's Signature: Shihlle A. Kidani					
Distribution:         Original         Yellow         Pink         Goldenrod           File with Committee Report         Clerk's Office         Drafting Agency         Committee File Copy					

\*Only one measure per Record of Votes